

## Accounting for Special Education Programs

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During 1998 federal and state legislation changed the way in which special education programs are funded and reported. As of 1998 *Education Code* Section 56205(b)(1) requires that a special education budget shall separately identify the following:

1. Apportionment received by the LEA in accordance with the allocation plan adopted by the SELPA
2. Administrative costs of the plan
3. Costs of special education services to pupils with severe disabilities and low-incidence disabilities
4. Costs of special education services to pupils with nonsevere disabilities
5. Costs of supplemental aids and services provided to meet the individual needs of pupils placed in regular education classrooms and environments
6. Regionalized operations and services and direct instructional support by program specialists in accordance with Article 6, "Program Specialists and Administration of Regionalized Operations and Services" (*Education Code* Section 56836.23)
7. Use of property taxes allocated to the SELPA pursuant to *Education Code* Section 2572

For state reporting, direct costs will be reported as the costs of providing services to infants, preschool-age students, severely disabled students from ages five through twenty-two, and nonseverely disabled students from ages five through twenty-two. The costs are further broken down by the type of instructional service provided: separate classes, resource specialists, supplemental aids to students in regular classrooms, nonpublic agencies, and other special instructional services:

1. Certificated employees providing other specialized instructional services shall be recorded as Object 1100 (Teachers' Salaries), Object 1500 (Guidance, Welfare, and Attendance Salaries), or Object 1600 (Physical and Mental Health Salaries) depending on the services provided.

#### *SACS Reporting*

The expenditures shall be recorded as Object 1100 (Teachers' Salaries) or Object 1200 (Certificated Pupil Support Salaries) depending on the appropriate function or service provided. For a detailed explanation see Part II of this manual.

2. Instructional aides shall be recorded as Object 2100 (Salaries of Instructional Aides).

#### *SACS Reporting*

The expenditures shall be recorded as Object 2100 (Instructional Aides' Salaries) with the special education instructional functions 1100–1199. If a classified employee provides other support services, that cost should be coded to the support function with Object 2200 (Classified Support Salaries). For a detailed explanation see Part II of this manual.

3. A school district or county superintendent of schools may be the Administrative Unit (AU) in a given SELPA.
4. Program specialists not providing regionalized services shall be reported as a direct cost to the administration of the instructional program. Subsequently, the costs will be distributed as documented or allocated direct costs as appropriate.

#### *SACS Reporting*

A program specialist providing regionalized services as defined by *Education Code* Section 56836.23 shall be recorded as Object 1300 (Certificated Supervisors' and Administrators' Salaries) with Goal5060 (Regionalized Program Specialist), Function 2100 (Supervision of Instruction). A program specialist not providing regionalized services but instead working locally with students as a support to teachers shall be recorded as Object 1300 (Certificated Supervisors' and Administrators' Salaries) with the appropriate special education goal or to Goal 5001 (Special Education—Unspecified), Function 2100 (Supervision of Instruction).

5. Apportionments for Program Specialists and Regionalized Services shall be made directly to the AU, which shall record the apportionments as Object 8321 (Special Education Apportionment). The AU may transfer to participating agencies the responsibility for providing the regionalized services, using Object 7221 (SELPA Transfers of Apportionments to Districts), Object 7222 (SELPA Transfers of Apportionments to County Offices), or Object 7223 (SELPA Transfers of Apportionments to JPAs). LEAs receiving the transfers shall record the revenue as Object 8721 (SELPA Transfers from Districts), Object 8722 (SELPA Transfers from County Offices), or Object 8723 (SELPA Transfers from JPAs). If the AU maintains responsibility for providing the regionalized service but contracts with another entity for the regionalized

services, the AU shall record the cost of the contract as Object 5800 (Other Services and Operating Expenditures). LEAs providing the service under contract shall record the revenue as Object 8677 (Interagency Services). The cost of providing the service would not be a special education program cost to the LEA but a nonagency educational program.

#### *SACS Reporting*

An AU transferring the responsibility of providing regionalized services records the transfer of apportionment as Resource 6500 (Special Education), Goal 5001 (Special Education—Unspecified) or optional Goal 5050 (Regionalized Services), Function 9000 (Other Outgo), and the appropriate object, such as Object 7221 (SELPA Transfer of Apportionment to District). The LEA receiving the apportionment shall record the revenue as Object 8792 (Transfers of Apportionment from County Offices) and shall record all related expenditures as Goal 5001 (Special Education—Unspecified) or optional Goal 5050 (Regionalized Services), Function 2100 (Supervision of Instruction), and the appropriate object, such as Object 1300 (Certificated Supervisors' and Administrators' Salaries).

In the case of a contract for services, the AU retains responsibility for providing regionalized services and does not transfer the apportionment. The AU instead records the contracted services as Resource 6500 (Special Education), Goal 5001 (Special Education—Unspecified) or optional Goal 5050 (Regionalized Services), Function 2100 (Supervision of Instruction), and Object 5800 (Professional/Consulting Services and Operating Expenditures). The LEA providing services under the contract records the expenditures as Goal 7110 (Nonagency—Educational), Function 2100 (Supervision of Instruction), and the appropriate objects for salaries, benefits, and supplies. The LEA deposits revenue from the contract as Object 8677 (Interagency Services Between LEAs).

6. Apportionments for other than regionalized services may be allocated to districts and county offices of education in accordance with the allocation plan adopted pursuant to *Education Code* Section 56836.05, unless the allocation plan specifies that funds be apportioned to the AU of the SELPA (*Education Code* Section 56195.7).

#### Method 1—Special Education Apportionment Allocated to the AU

If the SELPA has elected for the apportionments to be made to the AU, the AU shall record the apportionment as Object 8321 (Special Education). The AU shall transfer the operational funds to the participating agencies with Object 7221 for money to be received by districts, with Object 7222 for moneys to be received by county offices, and with Object 7223 for moneys to be received by JPAs.

LEAs receiving transfers shall record the revenue as Object 8721 if received from districts, Object 8722 if received from county offices, and Object 8723 if received from JPAs.

A county office AU transferring apportionment internally to county-run special education programs may use a local interprogram transfer of revenue, such as Object 899X. The internal transfers should net to zero and should not be included in the state reports. Object 7222 is restricted to transfers between legal entities, not internal transfers.

#### *SACS Reporting*

The AU records the apportionment, using Resource 6500 (Special Education), an appropriate goal, such as Goal 5001 (Special Education—Unspecified), and Object 8311 (Other State Apportionment). The AU then transfers the operational funds to the participating agencies, using Goal 5001 (Special Education—Unspecified), Function 9000 (Other Outgo), and Object 7221 (Transfers of Apportionment to Districts), Object 7222 (Transfers of Apportionment to County Offices), or Object 7223 (Transfers of Apportionment to JPAs). The participating LEA records the revenue as Resource 6500 (Special Education), the appropriate special education goal, and Object 8791 (Transfers of Apportionments from District), Object 8792 (Transfers of Apportionments from County Office), or Object 8793 (Transfers of Apportionments from JPA).

#### **Method 2—Special Education Apportionment Allocated to Districts and County Superintendents of Schools**

If the SELPA has opted for Special Education apportionments (other than for regionalized services) to be made directly to the participating agencies, each district or county office shall record the apportionment as Object 8321.

#### *SACS Reporting*

Each LEA records the apportionment as Resource 6500 (Special Education), an appropriate special education goal, such as Goal 5001 (Special Education—Unspecified), and Object 8311 (Other State Apportionment).

7. A district, county office, or JPA billing for and receiving payment for special education excess costs or deficits or payments for special education transportation excess costs or deficits shall record the revenue received as Object 8710 (Tuition). Any LEA paying the excess costs or deficits shall record the payments as Object 7131 for amounts paid to districts, Object 7132 for amounts paid to county superintendents of schools, and Object 7133 for amounts paid to JPAs.

#### *SACS Reporting*

An LEA charging for excess costs of special education programs shall record the revenue as Object 8710 (Tuition) with the appropriate special education resource

and the appropriate special education goal. The LEA paying the excess costs shall record the payment with an appropriate resource other than its state apportionment for its own special education programs, a special education goal, Function 9000 (Other Outgo), and Object 7141 (Other Tuition/Excess Costs Paid to Districts), Object 7142 (Other Tuition/Excess Costs Paid to County Offices), or Object 7143 (Other Tuition/Excess Costs Paid to JPAs).

8. A district or county office receiving the federal Individuals with Disabilities Education Act (IDEA) basic local assistance revenue (formerly known as PL 94-142) shall record the revenue as Object 8181 (Special Education—Basic Local Assistance Entitlement) and shall record the expenditures as direct costs of the Special Education program.

*SACS Reporting*

The LEA shall record the revenues as Object 8181 with Resource 3310 (IDEA Basic Local Assistance Entitlement) and shall record the expenditures in Resource 3310, the appropriate special education goals, functions, and objects.

9. A district or county office that receives a federal IDEA grant-in-aid for approved special projects shall record the revenue as Object 8182 (IDEA Discretionary Grants) and shall record the expenditures as direct costs in Special Projects.

*SACS Reporting*

The LEA shall record the revenues as Object 8182 (Special Education—Discretionary Grants) with the appropriate resource and the appropriate special education goal.

10. Any AU receiving federal IDEA money of either the local assistance entitlement or a discretionary grant that is to be distributed to a district or county office shall record the receipt as Object 8287 (Pass-Through Revenues from Federal Sources), and the LEA shall record receipt of the funding as either Object 8181 for IDEA Basic Local Assistance or Object 8182 for IDEA Discretionary Grants.

*SACS Reporting*

The AU shall record the revenue to be passed to participating LEAs as Object 8287 (Pass-Through Revenues from Federal Sources) with the appropriate resource and Goal 5001 (Special Education—Unspecified). The AU shall distribute the funds, using the appropriate resource, the appropriate special education goal, Function 9000 (Other Outgo), Object 7211 (Transfers of Pass-Through Revenues to Districts), Object 7212 (Transfers of Pass-Through Revenues to County Offices), or Object 7213 (Transfers of Pass-Through Revenues to JPAs). The receiving LEA shall record the revenue as either Object 8181 for IDEA Basic Local Assistance or Object 8182 for IDEA Discretionary Grants with the appropriate resource and the appropriate special education goal.

